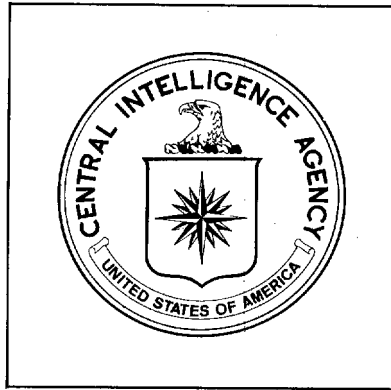


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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Motives Behind Joint Declaration by Italian and French Communists

The joint communique signed last week by the Italian and French Communist leaders is another step toward achieving a coordinated West European Communist stance on basic political issues. This is a goal that the Italians, in particular, have long pursued. The two parties imply in the communique that, if in power, they would retain the various freedoms associated with democratic societies, permit multiparty systems, and tolerate opposition. They also reject "all foreign interference", express their preoccupation with Portugal's problems, and agree that public ownership of the principal means of production and trade is essential to the achievement of a socialist society.

Disagreements between the two parties on such questions have long been a major stumbling block to the Italians' efforts to push the West European parties toward a coordinated policy line. The Italians think that such a development would further certain of their aims, such as:

- to downplay their relations with Moscow while retaining the international ties that remain important to many Italian Communists, and;
- to work toward closer cooperation between the Communist Parties and the non-Communist left, a development the Italians think would enhance the left's ability to influence the direction of the EC and of West European social and economic policy, generally.

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party chief Berlinguer also felt he had to win French Communist support to stand up to Soviet criticism of his increasingly moderate political line in Italy.

Berlinguer probably had some of the same objectives in mind when he signed a similar declaration with Spanish Communist leader Carrillo last July. Parts of the French-Italian document appear to have been lifted nearly verbatim from the one signed by Carrillo and Berlinguer. On the whole, however, the Berlinguer-Marchais declaration is more ideological in tone, a reflection of the compromises Berlinguer had to make to get an agreement with the more doctrinaire French.

The Italians for example--who claim they would not carry out extensive further nationalization if in power--are probably uneasy over the inclusion of a statement calling for public ownership of the principal means of production. Berlinguer will probably deflect criticism on this point by claiming that the goal is already accomplished in Italy, which has a larger public sector than any other EC country. Italian Communist leaders have gone so far as to suggest that they would return some parts of the public sector to private hands in the interest of greater efficiency.

Berlinguer would probably also have preferred to avoid mentioning the US directly in the section opposing "foreign interference." The Italian Communists continue to believe that US acquiescence is essential if they are to achieve government membership on workable terms.

The motives of the French Communist leadership are not as clear as those of the Italians. Recently the party has seemed to have entered a period of reevaluating its tactics. The party has seemed

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to be veering back toward its former hard-line approach. It has, for example, so harshly criticized its allies, the French Socialists, that it appears to be trying to goad them into breaking the alliance and has spoken up strongly in favor of the Portuguese Communists. At the same time, however, the Communists have consistently spoken out in defense of each party's right to chart its own route to power, specifically reiterating their own independence from Moscow.

Party chief Georges Marchais is closely identified with the 1972 alliance with the Socialists and with a flexible party line. He has taken a lot of flak from party members who believe he has not only compromised party ideology, but been duped by the Socialists, who now seem on their way to consolidating a position as the left's premier party. Never very popular within the party and weakened by a serious heart attack, Marchais, since earlier this year, has seemed to be going along with the hard-liners. The agreement with the Italians suggests, however, that he is putting up a strong fight for a flexible approach.

Marchais probably sees clear advantages for his party in associating itself more closely with the Italians, who are viewed by many in France as a responsible and independent party. He may, however, have difficulty in defending the declaration to his own rank-and-file which is not as receptive as the Italian membership to less-than-revolutionary rhetoric. In his initial comments to party gatherings, Marchais has avoided mention of the communique's points on political pluralism and has emphasized its opposition to "American imperialism." The communique does not significantly alter the French Communist line, but is flexible enough that Marchais can exploit it with the French electorate and his own rank-and-file. His success within the party will be measured at its congress in February. (CONFIDENTIAL)

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Abortive Portugal Rebellion Claims First Political Victims

The abortive military rebellion which was crushed by pro-government forces has claimed its first political victims, Army Chief of Staff Carlos Fabiao and security chief Otelo de Carvalho. The government announced that both resigned yesterday, but did not link their resignations with the leftist rebellion.

The anti-Communist majority in the Revolutionary Council had sought their dismissal for weeks because both men openly encouraged leftist dissident groups within the armed forces.

General Fabiao, once one of Portugal's most highly respected military officers, has received much of the blame for the divisive political factionalism in the army. Last month, he was severely criticized for giving in to the demands of rebellious soldiers in the north. On several occasions recently, he appeared to give his approval to radical movements in the military.

Inasmuch as Carvalho was stripped of his commands earlier this week, his resignation was largely pro forma. Carvalho is widely credited with having planned and executed the April 25, 1974 coup which ended nearly 50 years of authoritarian rule. He had become the standard-bearer of the radical left, however, and in recent weeks the Communists also rushed to his defense as he came increasingly under attack for his failure to support government policies.

President Costa Gomes has announced that the government will withhold judgment on who was responsible for

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the paratroopers' rebellion until an official inquiry can be held. Fifty one officers and enlisted men captured during the uprising are being held under detention in the north.

In the absence of formal charges, both the Socialist and Popular Democratic parties have rushed to seize the political initiative by blaming the Communists. Socialist leader Mario Soares said the "principal guilt" rests with the "minority parties"--a euphemism for all parties left of the Socialists--headed by the Communists. The Popular Democrats charged that the Communists were guilty of creating the conditions which led to the mutiny. While Communist Party members discreetly avoided any direct participation, military officers believed to have close ties to the party did appear to play a major role. The Communists are also vulnerable because of their student calls for the government's resignation just prior to the rebellion.

On Wednesday, both Costa Gomes and Foreign Minister Melo Antunes were quick to reassure the public that the leadership would continue to pursue its aims now that the major leftist opposition in the military has been crushed. The President reiterated his faith in a democratic, pluralistic system for Portugal, saying that legislative assembly elections--scheduled for early next spring--would be held as promised.

Antunes, firmly rebutting Communist demands for revamping the government, said that leftist criticism of its present composition had been unfounded and that it was entirely capable of carrying out its duties. Antunes added that the political parties--the Communists included--will continue to play an essential role in the revolution. (CONFIDENTIAL)

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The Nine Meet in Rome

The EC heads of government, meeting in Rome on Monday and Tuesday, are likely to focus on three major problems: Britain's odd-man-out attitude toward community decisions, reforms in the management of EC finances, and proposals for changes in the structure and operation of the Council, the Commission and the European Parliament.

London's insistence on a separate seat at the Conference on International Economic Cooperation--still scheduled for mid-December--could prove the most contentious issue, as its partners try to persuade it to accept EC representation. If the British position is intended to bargain for concessions on a minimum support price for North Sea oil, the meeting in Rome is the last convenient opportunity to work out such an agreement. London's overall commitment to the Community may well, in fact, be questioned, especially as it has also recently held out alone against other common EC decisions.

The heads of government will take up several EC institutional matters, the most important of which is the question of substituting direct elections to the European Parliament in 1978 for the present system of appointment from national legislatures. Only Britain and Denmark hope to postpone such elections until after the proposed date.

Ideas on reforming the Council's working methods and improving the community's management of its finances and budget have proliferated. The most comprehensive study was recently undertaken in Bonn. Chancellor Schmidt outlined his proposals in a letter to the other leaders and is expected to table specific recommendations in Rome. He reaffirmed the priority

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Bonn accords the community in its overall policy framework, but underscored that limitations on German financial contributions to the EC makes it essential for the community to establish more clearly its priority objectives. In particular, he urged that its finances be more closely audited and that a finance commissioner be appointed with the authority to suspend policy proposals that exceed financing capabilities.

In addition to these intra-EC matters, the Nine will exchange views on several international issues, such as the situation in Spain and Portugal and the possibility of joint EC moves to combat terrorism. The leaders may also discuss the Euro-Arab dialogue in the light of the just-completed working sessions in Abu Dhabi. The heads of government of the smaller countries--irritated by their exclusion from the Rambouillet summit last week--probably will expect an account of that meeting and may register their concern that important economic policies may have been formulated outside of the community framework.
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Finnish President Calls for Center-Left "Crisis"
Government

In a dramatic reversal, Finnish President Kekkonen went on national television on November 27 to order the five center-left parties to form a "crisis government" by December 1.

Only two days earlier, he had asked the caretaker government to stay on because the five parties had been unable to agree to form a coalition.

Lecturing party leaders and the nation, Kekkonen for the first time described Finland's stark economic situation and said that a strong government is vital. He denounced the haggling over a program that wrecked the last negotiations, and said that assuring employment was the only program needed at present. He picked formateur Miittunen of the Center Party to be prime minister, and said that the distribution of portfolios is all that remains to be negotiated. Even this, however, will be no small problem, given the parties' relative strengths in parliament.

Kekkonen's intervention, never before so blatant, almost certainly will lead to a majority coalition of the Center, Liberal, Swedish, and Social Democratic parties. They may not meet his deadline, however. These parties made up the last coalition, which foundered last spring because of deep policy differences. It is also possible that the badly divided Communists, the fifth party, may defy Kekkonen and remain in opposition. (CONFIDENTIAL)

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Student Violence in Turkey Continues to Pose
Threat to Fragile Government Coalition

Student violence in Turkey, which now has spread to nearly every part of the country, is posing a serious problem for Prime Minister Demirel and could threaten his fragile coalition government.

Several deaths and innumerable injuries have led to the temporary suspension of classes at universities and technical schools and created a mood of suspicion and fear on most Turkish campuses. The problem appears to have spread even to secondary level schools.

Despite the nationwide dimensions of the demonstrations and related violence, the problem does not appear to be monolithic in nature. Instead, the violent activities seem to focus on local or at most regional student and faculty grievances with the educational system and on knee-jerk hostility between extreme left and right wing groups.

Urged on by the press, government and opposition leaders have to this point flailed ineffectually at each other on the subject. Chronic tensions within the coalition government and continuing parliamentary paralysis make the student problem ripe for exploitation by politicians seeking an issue to use against their opposition.

The military leadership is no doubt also keeping close watch on the situation, particularly given its reported concern about renewed activities by the radical left. Earlier this month Chief of the General Staff Sancar warned Demirel's government that the military could not tolerate continuing serious student violence.

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Reports of government suppression of news about recent deaths stemming from student violence suggest that the military warning was taken seriously. Only in the past week, however, has the government taken any action designed to deal with the problem:

- arresting several hundred alleged leaders of violent activities and confiscating weapons and explosives,
- announcing a police modernization program, and
- proposing legislation toughening present laws on demonstrations.

Modernizing the police and sending new legislation to a parliament paralyzed by procedural differences are not likely to have any early impact, however, and the military has indicated that its patience is already wearing thin. (SECRET)

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ANNEX

The North Atlantic: A Sea of Troubles

The problems caused by the delineation of off-shore areas in the North Atlantic and adjacent waters will remain even if the LOS conference approves a 200-mile limit. Increased protectionism by states exploiting oil resources will generate larger maritime security forces which will have the ancillary function of protecting fish stocks. For some countries--such as the UK and Denmark--which do not have sufficient fish stocks in their contiguous waters, the fishing industry may decline significantly.

The current "cod war" between the UK and Iceland is a good example of the fierce emotions that can be aroused over the fishing issue. At least a dozen European countries have traditionally fished on the Icelandic banks. As recently as 20 years ago, it was not uncommon to see foreign trawlers plying Icelandic fiords. Because fishing and fish processing account for as much as 80 percent of Iceland's export earnings, the government began a series of conservation measures in the mid-fifties about the time the herring disappeared, presumably from over-fishing.

In 1958, Reykjavik unilaterally extended its fishing limits to 12 miles. The countries affected by the move resorted to using larger ships and more efficient methods better suited to fishing farther off shore. Iceland, concerned that the new methods would decrease fish stocks faster than they could be replenished, in 1973 pushed its limits to 50 miles. By that time several countries in South America and Africa already claimed 200-mile limits, and last month Reykjavik did the same. Each of Iceland's expansions

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of its limits evoked a strong response from the fishing nations involved and in some cases led to incidents at sea and limited military intervention.

Although fishing is crucial to the Icelandic economy, access to the traditional fishing grounds is equally important to the fishing industries in the other countries. Britain, for example, would be unable to sustain its fishing industry if confined to the waters around the UK. The two alternatives for the British--the North Sea and the White Sea--already are crowded or subject to expanding fishing limits by the contiguous states. Even if the EC were to limit North Sea fishing to member countries, the slice allotted to the UK would not be adequate. The Soviet Union limits the British catch in the White Sea and may be asked by other countries--squeezed out of the Icelandic banks--for bilateral fishing agreements in Arctic waters.

Norway added to restrictions in its off-shore waters by establishing fisheries control zones in early 1974. Prior to the introduction of such zones, there were a number of Norwegian-Soviet "bumping incidents" in the crowded fishing areas off the Norwegian coast. Although fishing is not as important to Norway as it is to Iceland, Oslo has long pursued strong protectionist and conservationist policies. Norway has, for example, declared large areas of the Svalbard archipelago national park land, commercially unexploitable by any of the more than 40 signatories to the 1920 treaty. Should Oslo lay claim to the shallow continental shelf between Norway and Svalbard, the fishing industry of some nations--such as West Germany--would be seriously hampered.

In addition to the intra-NATO dispute between Iceland and the UK, two other alliance members--the Netherlands and Denmark--periodically find it necessary to untangle the lines of their fishermen

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involved in incidents in adjacent waters. Under a bilateral agreement, the Netherlands and Denmark handle such incidents through a special commission. Such bilateral agreements may become pro forma for most countries engaged in North Atlantic banks fishing when more countries opt for the 200-mile limit.

In short, nearly all countries around the North Atlantic have extensive fishing industries which are faced with the diminution of traditional fishing grounds. Not unilateral, bilateral, nor multilateral agreements are likely to satisfy all fishing interests.
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